

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7400

BILL NUMBER: HB 1551

NOTE PREPARED: Jan 13, 2013

BILL AMENDED:

SUBJECT: Motor Vehicle Financial Responsibility.

FIRST AUTHOR: Rep. Smith M

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the minimum amounts of financial responsibility required for the operation of a motor vehicle are: (1) \$50,000 for bodily injury to or the death of one individual; (2) \$100,000 for bodily injury to or the death of two or more individuals in any one accident; and (3) \$20,000 for damage to or the destruction of property in one accident. (Current limits are \$25,000, \$50,000, and \$10,000, respectively.)

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues: *Summary:* This bill could increase revenue the state receives from insurance premium taxes and fines for Class A infractions and Class C misdemeanors. Actual increases in revenue are indeterminable.

Additional Information:

Insurance Premium Tax: By increasing the minimum amount of insurance coverage required for the operation of a motor vehicle, this bill can increase the amount of insurance premiums paid in the state. To the extent this occurs, the state will receive additional revenue from taxes paid on insurance premiums.

Revenue received from the insurance premium tax is distributed to the state General Fund. For FY 2012 the

state received approximately \$203 M from the insurance premium tax.

Penalty Provision: If this bill increases insurance premiums for the minimum amount of insurance coverage required to operate a motor vehicle, individuals may elect to operate a vehicle without financial responsibility. The penalty for which (IC 9-25-8-2) can be a Class A infraction or a Class C misdemeanor (if the violation is committed knowingly or intentionally or the violator has a prior, unrelated conviction for a similar offense).

As a result, this bill could increase the number of Class A infraction and Class C misdemeanor convictions for operating a motor vehicle without financial responsibility.

If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a (1) Class A infraction is \$10,000 and (2) Class C misdemeanor is \$500. Fines collected from convicted violators would be deposited in the state General Fund. However, any additional revenue is likely to be small.

Explanation of Local Expenditures: *Penalty Provision:* A Class C misdemeanor is punishable by up to 60 days in jail.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

State Agencies Affected:

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

Fiscal Analyst: Bill Brumbach, 232-9559.